

Walgreens wins a majority stake in home health company as Amazon, CVS beef up home care offerings

Article

The news: Walgreens completed its majority stake investment in home health platform CareCentrix.

- Walgreens invested **\$330 million** and now **owns a 55% stake** with the option to raise its stake.

Here's how CareCentrix works: It provides patients a network of home providers, while its analytics platform helps care teams better coordinate.

CareCentrix's analytics platform, **HomeBridge**, creates one place for care teams to access, analyze, and collect patient data.

- This alleviates common care barriers like poor coordination between healthcare providers and an inability to effectively collect social determinants of health data.
- Better care coordination after hospital discharge directly affects health outcomes. **More than half (53%) of patients say they've experienced medication errors and discrepancies** after leaving the hospital due to poor communication with providers.

What CareCentrix means for Walgreens and competitors: The investment will help Walgreens amp up its healthcare strategy in two key ways:

1. CareCentrix will expand Walgreens' patient reach beyond its clinics.

Last year, Walgreens said its investment in retail clinic partner **VillageMD** would help it open 1,000 VillageMD clinics next by 2027. The next natural step would be for Walgreens to complement its in-person care with home care services. Especially since CareCentrix already comes with a built-in patient pool. It manages care for **19 million individuals across 7,400 provider locations**, per Walgreens.

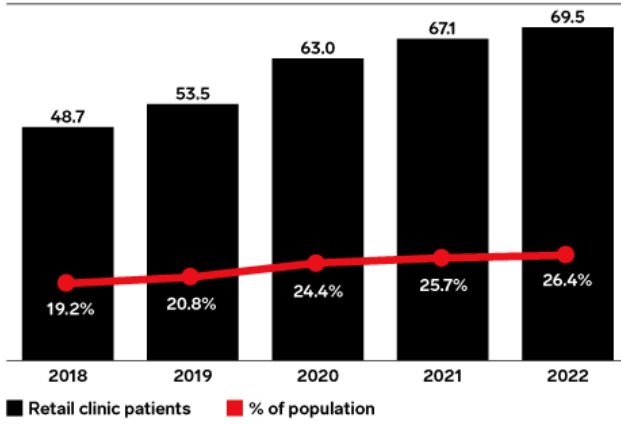
2. Walgreens gains a competitive edge against CVS and Amazon.

Both CVS and Amazon exhibited an interest in home healthcare over the past year. In fact, over the past month, the duo separately approached home healthcare company **Signify Health** as a potential acquisition target.

- Since competitors like CVS and Amazon have their eyes set on home care, Walgreens' latest CareCentrix investment will ensure it's getting the most bang for its buck.
- CareCentrix will play a "critical role" in managing Walgreens' post-acute spending and outcomes, according to the retail giant.

US Retail Clinic Patients, 2018-2022

millions and % of population



Note: ages 18+; adults who visit retail clinics in-person at least once during the calendar year; examples include CVS MinuteClinic, Walgreens Healthcare Clinic, Kroger's The Little Clinic, Walmart Care Clinic, etc.
Source: Insider Intelligence, Jan 2021

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